

North Carolina Department of Administration

# e-Procurement Overview



IT Oversight Committee Meeting



**Dee Jones, Chief Operating Officer**  
Department of Administration

# Agenda

- Where have we been?
  - the last 12-36 months
- Where are we going?
  - the next 12-36 months
- How do we get there?

# Where Have We Been?

## [The last 12-36 Months]

- Procurement Transformation
  - Project started in 2010
    - RFP issued for consulting
  - Contracted with Accenture
    - Assess, Recommend and Implement
- Consultant Recommendations
  - Upgrade Ariba Buyer to version 9r1 (n-1) – completed in 2011
  - Develop training – ongoing from 2012
  - Design an effective organization – ongoing from fall 2013
  - Streamline jobs/classifications – ongoing from fall 2013
  - Establish a governance structure – ongoing from summer 2013
  - Implement strategic sourcing – ongoing from summer 2013 \*

# Where Have We Been?

## [The last 12-36 Months]

- Other Activities
  - e-Procurement operations assessment and recommendation\*
  - Purchase & Contract Division restructuring\*
  - Customer Survey in process to help us understand opportunities for improvement and measure future success

# e-Sourcing Initiative

- Strategic Sourcing methodology expected to generate significant cost savings
  - In 2011, 32 categories of spend identified to source – no action
  - In 2013, 4 categories of spend selected for implementation through the e-Sourcing project – potential savings \$10M
- e-Sourcing Project started in June 2013
  - Office Supplies
  - Maintenance, Repair and Operational Supplies
  - Med/Lab Supplies
  - Food
  - Contracts rolling out from March to May 2014

# e-Procurement Operations

- Understand historical perspective, operations, contract status and other factors
- Weigh the cost, resources and time to re-bid vs. moving forward with e-Sourcing/cost savings
- Develop a realistic and thoughtful “exit strategy”
  - 2 year contract extension with 3, 1-year options
  - Cost savings (approximately \$400k annually)
  - Punch-out catalog audit feature
  - Time to enhance technology and understand the State’s capabilities

# P&C Restructuring

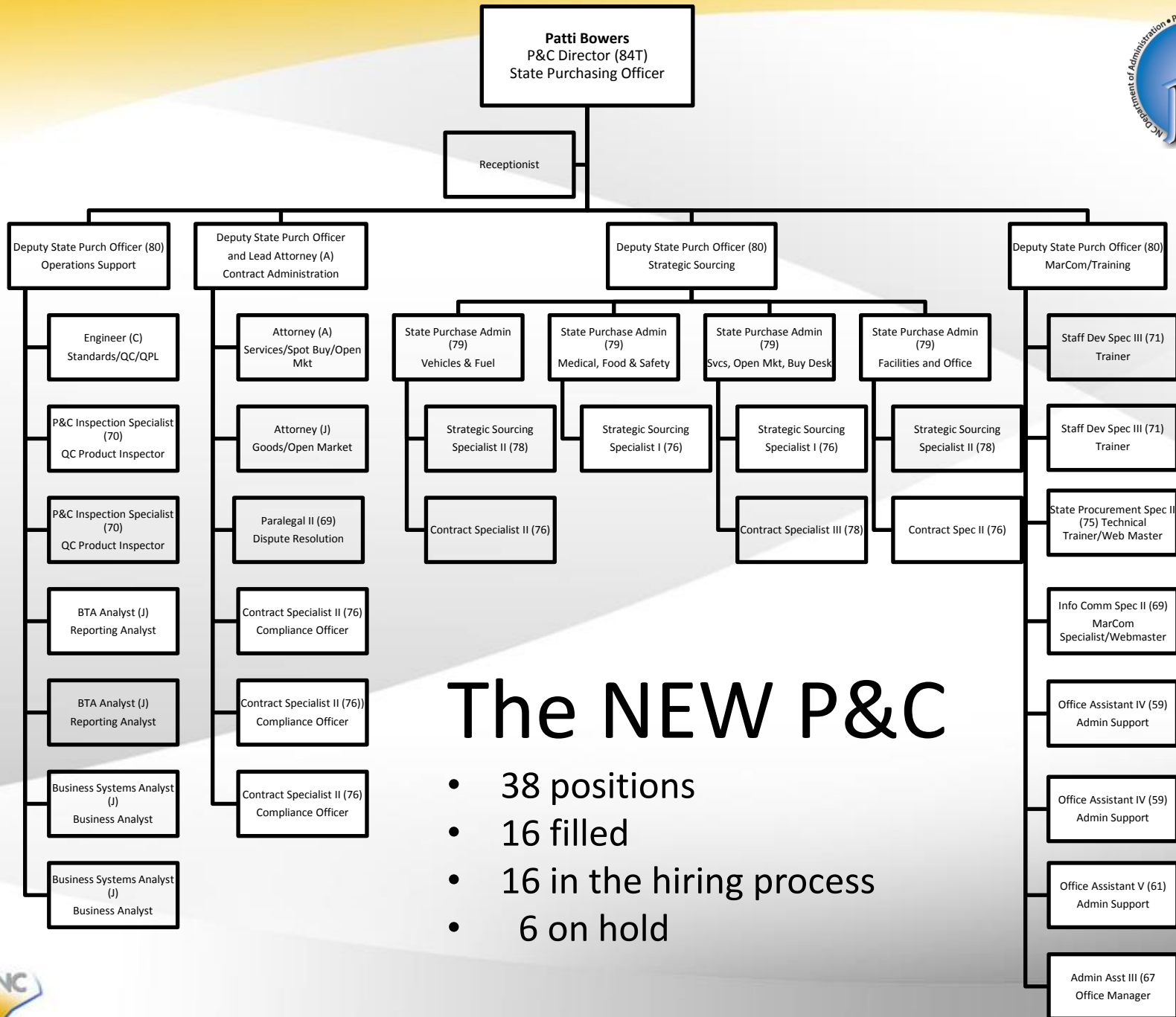
- Designed a functional organization to develop expertise and efficiency in key business practice areas
  - Strategic Sourcing
  - e-Procurement Operations
  - Marketing/Communications/Support
  - Contract Administration
- Implemented using Restructuring Through Reduction (RTR) program through OSHR

# Where Are We Going?

## [The next 12-36 Months]

- Re-build P&C organization
- Planned projects
  - Continue e-Sourcing initiative
  - Implement e-Procurement additional functionality
  - Start SAP ERP system implementation project
  - Finalize future e-Procurement platform (tied to SAP?)
- Develop enhanced training strategy
- Propose technical corrections to HB 56
- Focus on customer service and “value add”





# The NEW P&C

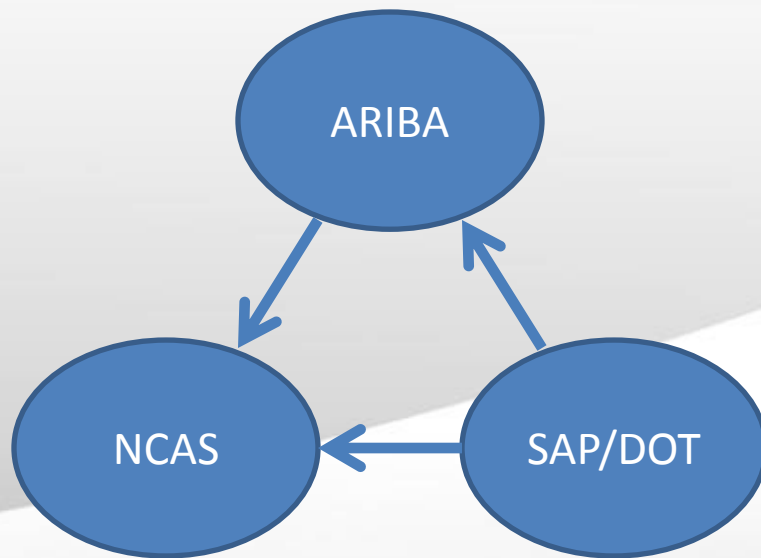
- 38 positions
- 16 filled
- 16 in the hiring process
- 6 on hold

# Planned Projects

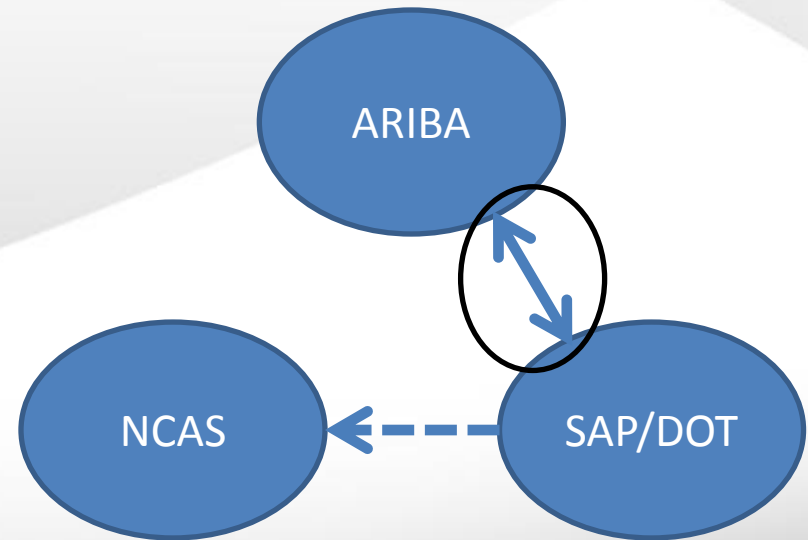
- e-Sourcing Initiative
  - Wave 1 – 4 categories – approximately \$10M savings / \$80M spend
  - Wave 2 – 1 category – approximately \$5M savings / \$30M spend
  - Wave 3 – 3 categories proposed
  - Wave 4 – TBD
  - Wave 5 - TBD
- e-Procurement upgrades (productivity/ functionality) – partnering with ITS
  - Electronic bidding
  - Electronic contract management
  - Single vendor registry
  - Data management and reporting

# Planned Projects continued

## CURRENT STATE



## FUTURE STATE (?)



# Additional Activity

- HB 56 Clarifications
  - Contract Governance/Oversight
  - Matrixed organization with agencies
  - Budget support for increased employee skillsets
- Training Strategy
  - Leverage existing basic training
  - Content development
  - Create certifications with OSHR
  - Web-based learning

# How Do We Get There?

- Raise The Bar
  - Skillsets
  - Leadership
  - Customer Service
  - Value Add
- e-Commerce Fund
  - Technology upgrades
  - e-Sourcing project
  - SAP ERP (DOT/DPS/DOA partnership)
    - Future of e-Procurement is tied to SAP direction
  - Training

# Raise the Bar: Skills, Leadership, Customer Service & Value Add

1. In process today:
2. Work in process:
3. New initiatives:
4. Agency activity:



# e-Commerce Fund

## 2013/2014

- e-Sourcing
  - Wave 1
  - Wave 2
  - Wave 3
- Training
- e-Procurement Architecture Planning/ Future Functionality
  - e-Bidding
  - e-Contract Management
  - Reporting

## 2014/2015

- e-Sourcing
  - Wave 2
  - Wave 3
  - Wave 4
- e-Procurement Upgrades
  - e-Bidding
  - e-Contract Management
  - Reporting
  - Single vendor registry
- SAP ERP
- Training

# e-Commerce Fund

## 2015/2016

- e-Sourcing
  - Wave 5
- Training
- Operations planning/implementation
- SAP ERP
- e-Procurement Upgrades
  - e-Bidding
  - e-Contract Management
  - Reporting
  - Single vendor registry

## 2016/2017

- Operations planning/implementation
- SAP ERP
- SAP / e-Procurement integration
- Training



# e-Commerce Fund Planning

e-Procurement Fee Cash Flow Projections								
Description	FY 10	FY 11	FY 12	FY 13	FY 14 Budget	FY 15 Plan	FY 16 Plan	FY 17 Plan
BEGINNING CASH BALANCE	-	5,384,604	11,454,578	11,373,955	18,009,661	11,679,417	3,912,874	1,622,874
Fees Collected	11,733,014	19,468,819	19,915,513	19,598,760	19,278,784	19,000,000	17,000,000	17,000,000
Operating Costs [deductions]	6,348,410	13,398,845	11,496,404	10,492,412	12,098,784	11,860,000	11,860,000	11,860,000
Third Party	6,193,313	12,901,489	10,354,428	9,304,090	10,766,906	10,500,000	10,500,000	10,500,000
Software	63,358	108,874	679,509	550,585	521,443	525,000	525,000	525,000
ITS Hosting	91,446	240,545	323,505	432,899	568,687	600,000	600,000	600,000
Employees	-	147,937	135,634	204,787	228,678	230,000	230,000	230,000
Other	293		3,328	51	13,070	5,000	5,000	5,000
Transfer to General Fund [deductions]	-	-	4,483,526	2,470,642	6,330,244	7,476,543	-	-
Projects [deductions]	-	-	4,016,206	-	7,180,000	7,430,000	7,430,000	3,400,000
Ariba Upgrades/Future Functionality			3,979,810		1,000,000	2,000,000	2,030,000	
Hardware Upgrades			36,396					
Architecture planning					60,000	60,000		
e-Procurement Ops Planning/Implementation							2,000,000	2,000,000
Training					150,000	170,000	200,000	200,000
e-Sourcing Wave 1					2,800,000			
e-Sourcing Wave 2					675,000			
e-Sourcing Wave 3					2,400,000	1,350,000		
e-Sourcing Wave 4						2,650,000		
e-Sourcing Wave 5							2,000,000	
DOA SAP ERP Implementation/Maintenance						1,200,000	1,200,000	1,200,000
e-Commerce enhancement/web design					95,000			
ENDING CASH BALANCE	5,384,604	11,454,578	11,373,955	18,009,661	11,679,417	3,912,874	1,622,874	3,362,874
DRAFT - subject to revision (ver. 03.03.14)								

# Questions

